

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 COME-00 EPG-02 DODE-00 FPC-01 H-01 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /102 W

-----024394 130050Z /64

R 121500Z JUL 77

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 9725

C O N F I D E N T I A L MOSCOW 9989

E.O. 11652: GDS

TAGS: ENRG, UR

SUBJECT: SOVIET GAS PRODUCTION

REFS: (A) MOSCOW 9946, (B) MOSCOW 3202

SUMMARY: THE JANUARY-JUNE PERFORMANCE OF THE SOVIET GAS INDUSTRY INDICATES THAT, BARRING UNFORESEEN SETBACKS, IT WILL EASILY EXCEED ITS 1977 PLAN OF 342 BILLION CU.M. HOWEVER, GROWING RELIANCE BEYOND 1977 ON PRODUCTION FROM THE URENGOY FIELD WILL MAKE THE INDUSTRY'S CHANCES OF MEETING THE 1980 PLAN OF 435 BILLION CU.M. INCREASINGLY DEPENDENT ON TIMELY INSTALLATION OF PIPELINE CAPACITY SERVING THE FIELD. DECLINING OUTPUT FROM OLDER FIELDS IN THE UKRAINE COULD ALSO PLAY A ROLE IN THE GAS INDUSTRY'S SUCCESS OR FAILURE. END SUMMARY.

1. THE JULY 11 PRAVDA REPORT THAT SOVIET NATURAL GAS PRODUCTION DURING JANUARY-JUNE ROSE 10 PERCENT ABOVE THE SAME PERIOD IN 1976 CLEARLY INDICATES THAT THE GAS INDUSTRY'S 1977 PERFORMANCE, BARRING UNFORESEEN SETBACK, WILL EASILY EXCEED ITS PLAN.

GAS EXTRACTION IS LIKELY TO CLIMB BEYOND 350 BILLION CU.M.-- WELL ABOVE THE PLAN FIGURE OF 342 BILLION. AT THIS RATE
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GAS PRODUCTION WOULD REMAIN THE MOST DYNAMIC SECTOR OF THE SOVIET ENERGY INDUSTRY AND WOULD HAVE LITTLE TROUBLE MEETING THE 1980 GOAL OF 435 BILLION CU. M.

2. HOWEVER, 1978 COULD PROVIDE A BETTER INDICATION OF WHETHER THE 1980 PLAN WILL BE MET. STRONG PERFORMANCES IN 1976 AND 1977 HAVE BEEN DUE TO INCREASED PRODUCTION AT A FEW

MAJOR FIELDS: MEDVEZHYE (TYUMEN OBLAST), WHICH HAS PROVIDED MOST OF GROWTH IN OUTPUT DURING THE TWO YEARS; SHATLYK (TURKMEN SSR); AND ORENBURG IN THE URALS. SOVIET ABILITY TO AVOID MAJOR DROPS IN EXTRACTION AT AGING UKRAINIAN FIELDS HAS ALSO AIDED PRODUCTION GROWTH.

3. BY 1978, HOWEVER, ADDITIONAL OUTPUT FROM CURRENTLY PRODUCING FIELDS WILL NOT BE SIGNIFICANT. MOST NEW GAS PRODUCTION WILL HAVE TO COME FROM THE MASSIVE URENGOY FIELD IN NORTHERN TYUMEN OBLAST, WHICH IS ABOUT TO COME ON STREAM IN 1978, AND FROM SMALLER NEIGHBORING FIELDS. ALTHOUGH THE SOVIETS MAY DEVELOP THE FIELDS AT THE NECESSARY BRISK PACE, THEY WILL ALSO HAVE TO MOVE RAPIDLY IN INSTALLING THE PIPELINES AND COMPRESSOR STATIONS NEEDED TO HANDLE THE LARGE INCREASES IN EXTRACTION PLANNED FOR 1978-80. ONE INDICATION OF PROGRESS MADE IN EXPANDING PIPELINE CAPACITY WILL BE THE 1978 OUTPUT FROM URENGOY, WHICH THE SOVIETS HAVE NOT FIRMLY ANNOUNCED, BUT WHICH WE WERE TOLD BY GAS MINISTRY OFFICIALS WOULD BE 15 BILLION CUBIC METERS IN 1978. IF EXTRACTION IS BELOW THIS FIGURE, IT COULD INDICATE THAT TYUMEN OBLAST'S GAS PIPELINE CONSTRUCTION MAY BE BEHIND SCHEDULE. THIS WOULD BECOME EVEN MORE IMPORTANT BY 1980 WHEN URENGOY IS SCHEDULED TO PRODUCE 50-65 BILLION CU.M.

4. ANOTHER INDICATION OF GAS INDUSTRY PROSPECTS FOR MEETING
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THE 1980 PLAN IS PERFORMANCE OF UKRAINIAN GAS FIELDS IN THE SECOND HALF OF 1977 AND IN 1978. A SHARP ABSOLUTE DECLINE IN PRODUCTION THERE COULD PLACE AN ADDED BURDEN ON URENGOY PRODUCTION, WHILE SOVIET SUCCESS IN MAINTAINING CURRENT OR NEAR CURRENT OUTPUT LEVELS WOULD EASE THE SITUATION SLIGHTLY. TOON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRODUCTION, DATA, NATURAL GAS
Control Number: n/a
Copy: SINGLE
Sent Date: 12-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MOSCOW09989
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770248-0362
Format: TEL
From: MOSCOW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770767/aaaacgcx.tel
Line Count: 100
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 6c09e76c-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 MOSCOW 9946, 77 MOSCOW 3202
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 17-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1889995
Secure: OPEN
Status: NATIVE
Subject: SOVIET GAS PRODUCTION
TAGS: ENRG, UR
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/6c09e76c-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009